DWF Group plc
("DWF" or "the Company" or "Group")

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

8 December 2022

Half-year results for the period ended 31 October 2022 (HY23)
Growth, strong profitability and active management of cost pressures

DWF, the global provider of integrated legal and business services, today announces its half-year results for the period ended 31 October 2022. The Board is pleased with the Group's continued strong performance, particularly given the macro-economic headwinds affecting the majority of sectors.

GROUP FINANCIAL SUMMARY

	FY23 Half year		
£m (unless otherwise stated)	**HY23**	**HY22**	**Change**
Revenue	212.1	203.5	4.2%
Net revenue[1]	179.1	173.3	3.4%
Gross profit	89.3	89.0	0.4%
Gross profit margin[2]	49.9%	51.3%	(1.4) ppts
Cost to income ratio[1]	37.8%	39.1%	(1.3) ppts
Adjusted EBITDA[1]	32.3	31.3	3.1 %
Operating profit	16.0	13.6	17.9%
Adjusted profit before tax ('Adjusted PBT') [1]	18.5	18.7	(0.9)%
Profit before tax ('PBT')	12.9	11.0	17.1%
Adjusted diluted EPS (pence) [1]	5.1	4.7	8.5%
Diluted EPS (pence)	3.9	2.8	39.3 %
Lockup days[1]	190	181	9
Free cash flow[1]	6.4	4.2	52.6%
Net debt[1]	(86.5)	(77.2)	(9.3)
Leverage[1]	1.27	1.19	0.08

[1] Described in the glossary to the condensed consolidated interim financial statements.
[2] Gross profit margin is defined as gross profit divided by net revenue.

HY23 HIGHLIGHTS

- Group net revenue growth of 3.4%, (organic growth of 3.1%), to £179.1m:
  - 4% growth in Legal Advisory
  - 16% growth in Connected Services
  - 17% contraction in Mindcrest following a reorganisation and with recent investment in sales resource which is generating pipeline for future growth
- Gross margin of 49.9% reflects continued salary pressure in the sector, which is offset by cost to income ratio improvement of 1.3ppts with strict overhead control mitigating direct cost pressure.

- Adjusted PBT of £18.5m versus a strong prior year comparator of £18.7m.
- Reported PBT is £12.9m, which is a £1.9m (17.1%) improvement on the prior year. This is due to a lower level of adjusting items in the period of £5.6m comprising mainly of share-based payment charges from the partner-funded employee benefit trust and acquisition related expenses.
- A nine day (5%) increase in lockup days versus prior year reflects the Group's ongoing focus on efficient working capital management which has mitigated the impact of a sector wide lockup trend where the average increase in lockup days for the top 11-25 firms is reported (in the 2022 PwC Law Firms' Survey) to be an 11% increase.
- HY23 free cash flows of £6.4m reflect a £2.2m or 53% improvement on the prior year as the Group continues to improve cash generation now that Covid, restructuring and acquisition deferrals have been paid down.
- Net debt of £86.5m is higher than prior year due to the stretch in lockup days, which is expected to partially reverse in H2.
- Leverage remained stable at 1.27x adjusted EBITDA (HY22: 1.19x), reflecting improving profit offsetting increased lockup days and net debt.
- Net revenue per partner[1] increased by 1% to £492k (HY22: £488k).

STRATEGIC HIGHLIGHTS

- The Group continues to make good progress in line with its strategy:
    - Capturing compelling M&A opportunities with the acquisition of Acumension to support growth in Connected Services Costs business, and the Whitelaw Twining transaction in Canada. This transaction bolsters the Group's position in North America and in the global insurance market with significant client overlap and anticipated revenue and cost synergies.
    - Ongoing efficiency programme with the aim of removing £10m to £12m of cost, with this annualised run rate expected to be achieved by the end of FY24. Cost savings via property reduction, central function savings and proactive resource management will help to offset gross margin pressure and strengthen outer year (FY25 onwards) performance. The one-off cost to achieve the savings is expected to be £3m.
    - Focussed on attracting and retaining top industry talent, with Legal Advisory recruiting 14 new partners globally and promoting nine people to partnership.
    - Good progress on key legal panels, with the Group securing more than 30 panel appointments, with the top 10 by value worth annualised revenue of £30m, each with a minimum contract term of three years.

OUTLOOK AND CURRENT TRADING

- The strong trading in H1 is expected to continue in the second half of FY23, with a shift expected between transactional work and our more counter-cyclical litigation and regulatory practice areas.
- As is typical, the second half is also expected to benefit from the higher weighting of revenues, in line with historical averages, whilst costs are flat or in some cases being managed downwards.
- The Group remains on track to deliver adjusted PBT in line with market expectations, adjusted for an additional £1m of interest costs due to unexpected base rate increases.
- The Board has approved an interim dividend of 1.6p per share, reflecting the stated policy of paying an interim dividend that is one third of the PY full year dividend.

Sir Nigel Knowles, Group Chief Executive Officer, commented:

"We are pleased with our strong first half performance, achieved against a challenging macro-economic backdrop. Net revenue is up by 3.4% and adjusted profit is in-line with a stellar prior year. We have won some significant mandates and retenders reflecting our deepening relationships with key clients and we have extended our capabilities, both through strategic M&A, including our recent transaction with Whitelaw Twining in Canada, and new partner recruitment.

"This performance is thanks to the steps we have taken over the last two years to make our business more sustainable and future focused. We have defined a clear strategy built around integrated legal and business services and enhanced our core strengths, such as our expertise in insurance.

"We are taking proactive steps to maximise efficiency in this economic environment. We are well underway with an efficiency programme, through which we aim to remove £10m to £12m of costs by the end of FY24. This will enhance our efficiency as a business and support our strategy of pursuing profitable growth. In line with our purpose, this will enable us to continue to deliver positive outcomes with our colleagues, clients and the communities in which we operate.

“As we look ahead, we see the benefits of having both a global footprint and an established but diversified set of services through which we can provide solutions to our clients. Given the clear counter cyclical qualities of many of our services, such as our litigation and regulatory offerings, and the short to medium term benefit we will see through our efficiency programme, we maintain confidence in the outlook for the second half and beyond."

The person responsible for making this announcement on behalf of the Company is Chris Stefani, Group Chief Financial Officer.

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About DWF
DWF is a global provider of integrated legal and business services provided through its three offerings of Legal Advisory, Mindcrest and Connected Services. It has offices and associations located across the globe. The Company became the first Main Market Premium Listed legal business on the London Stock Exchange in March 2019. DWF recorded revenue of £416.1 million and net revenue of £350.2 million in the year ended 30 April 2022. For more information visit: dwfgroup.com

Effective from 1 May 2021, the Group transitioned to a new internal operating structure which it believes supports its aim of becoming the leading global provider of integrated legal and business services. DWF has moved from its previous five divisions (Commercial Services, Insurance Services, International, Connected Services and Managed Services) into three more streamlined and efficient global divisions of Legal Advisory, Connected Services and Mindcrest.

Together, the three divisions support DWF's single Integrated Legal Management approach through which the Group can seamlessly combine any number of these services to deliver bespoke solutions to its clients with greater efficiency, price certainty and transparency. This approach enables DWF to offer clients solutions that combine traditional law firm services with new, modern legal and business services relevant to today's companies and the challenges and opportunities they face.

Forward looking statements
This announcement contains certain forward-looking statements with respect to the Company's current targets, expectations and projections about future performance, anticipated events or trends and other matters that are not historical facts. These forward-looking statements, which sometimes use words such as "aim", "anticipate", "believe", "intend", "plan", "estimate", "expect" and words of similar meaning, include all matters that are not historical facts and reflect the directors' beliefs and expectations and involve a number of risks, uncertainties and assumptions that could cause actual results and performance to differ materially from any expected future results or performance expressed or implied by the forward-looking statement.

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Chief Executive Officer's Report

We are pleased with our strong first half performance, achieved against a challenging macro-economic backdrop. Net revenue is up by 3.4% and adjusted profit is in-line with a stellar prior year. We have won some significant mandates and retenders reflecting our deepening relationships with key clients and we have extended our capabilities, both through strategic M&A, including our recent transaction with Whitelaw Twining in Canada, and new partner recruitment.

This performance is thanks to the steps we have taken over the last two years to make our business more sustainable and future focused. We have defined a clear strategy built around integrated legal and business services and enhanced our core strengths, such as our expertise in insurance.

We are taking proactive steps to maximise efficiency in this economic environment. We are well underway with an efficiency programme, through which we aim to remove £10m to £12m of costs by the end of FY24. This will enhance our efficiency as a business and support our strategy of pursuing profitable growth. In line with our purpose, this will enable us to continue to deliver positive outcomes with our colleagues, clients and the communities in which we operate.

ESG strategy

Following the publication last December of our first global ESG strategy, I am pleased that in September this year we published our first ESG Impact Report. The report included a range of our ESG highlights from the last financial year, including confirmation that the Science Based Targets initiative has validated our corporate greenhouse gas emissions reduction target ambition, determining that it is in line with a 1.5°C trajectory. DWF Group plc commits to reduce absolute Scope 1 and 2 GHG emissions by 50% by 2030 from a 2019 base year. DWF Group plc also commits to reduce absolute Scope 3 GHG emissions by 50% within the same timescale.

DWF is committed to doing business well by embedding and maintaining a culture of operational excellence. In May we published our new ESG Client Policy, applicable to all colleagues at DWF. This policy is designed to improve on the quality and consistency of our risk assessment and decision-making to lead to more informed client acceptance, on the basis of ESG material factors.

Colleagues

In June this year we announced a range of significant enhancements to our family friendly policies in the UK. This included improvements to our maternity, paternity, adoption and shared parental leave, as well as the introduction of discounted nursery fees. These policy improvements, which also included support for colleagues experiencing the loss of a child or premature babies, are designed to ensure that everybody feels supported during major events in their lives. We are very proud that in September we were named as one of the Top Ten Employers for Working Families. We have also been named by The Times as one of the Top 50 Employers for Women and this year, saw our placing in the Social Mobility Index climb 34 places to 17th. We also saw progress against both our gender and ethnicity targets for senior leaders with representation increasing to 30.5% (female) and 5.7% (ethnic minorities) respectively.

We have continued to emphasise the importance of colleague engagement, hosting our first 'hybrid' global Town Hall with an in-person audience in London joining more than 1,200 colleagues online to share the progress we are making in operationalising our ESG strategy.

Recognition is another priority, which includes our annual Rubies Awards through which we celebrate colleagues' achievements. Just this week I had the privilege of sharing my annual CEO Award with the team behind our appointment to the UK Government's Crown Commercial Services Panel which will be a significant contributor to our growth this year and beyond.

We are conscious of those colleagues most impacted by the rising cost of living. Around 400 of our colleagues in the UK are paid the Real Living Wage. We ordinarily apply any increase in the Real Living Wage in May at the start of our financial year. In order to support our colleagues, we are applying a c.10% increase from January 2023 to support those colleagues less able to cope with external economic shocks.

Clients

We have continued to focus on attracting and retaining top talent across all of our divisions to service and support our clients. In H1 we recruited 14 new partners, including seven partners across a range of practice areas in our London office and two partners in Paris, two in Belfast and one in each of Edinburgh, Warsaw and Riyadh. In addition, we promoted 9 people to partnership for the first time. In Mindcrest, we appointed a new Global Head of Legal Operations, Technology and Consulting, with Rachita Maker joining us from Tata Communications.

We have also worked hard on the balance sheet, enabling us to invest with confidence. Earlier this week we announced the completion of our transaction with leading Canadian law firm Whitelaw Twining, expanding our global insurance services capabilities. We also strengthened our global capabilities through a new affiliation agreement with Hauzen LLP, a Hong Kong law firm, specialising in financial services regulation, contentious insurance and complex commercial matters.

We enhanced our Connected Services capabilities with the arrival of a team of 47 legal costs management specialists. This takes our team of costs experts in the UK and Ireland to more than 100 and helps us to extend our relationship with a number of existing clients including NHS Resolution and NFU Mutual.

The Group secured more than 30 panel appointments, with the top 10 by value worth annualised revenue of £30m, each with a minimum contract term of three years. Amongst others, the new panel appointments include QBE, Hiscox and a number of appointments won via competition under the Crown Commercial Services Framework.

The appointment of Matthew Doughty as Chief Growth and Strategy Officer is driving further leadership focus on our strong M&A pipeline, as well as executing our strategy of providing integrated legal and business services to more of our key clients. Whilst Matt Glenville's appointment as Chief Operating Officer is key to our ongoing focus on operational efficiency.

Communities

We continue to evolve and review our work in the community, by global volunteering initiatives, our work in schools through our award winning 5 Star Futures programmes and by streamlining the pro bono projects that we are or will work on, that will deliver meaningful social impact. We expect to deliver positive news about further projects as a priority in the next 12 months.

This month marks the seventh anniversary of the formation of the DWF Foundation. The DWF Foundation, an independent charity that is supported by colleague fundraising activities and through dividend payments on DWF shares, has made 450 individual awards to charities and other good causes since its formation. In total, it has distributed more than £950,000 in funds. Indeed, the

Foundation has its next grant meeting today (8 December) at which it is expected the total grant giving figure will top £1m, a fantastic achievement and a true reflection of the DWF values demonstrated by everybody involved.

Outlook

As we look ahead, we see the benefits of having both a global footprint and an established but diversified set of services through which we can provide solutions to our clients. Given the clear counter cyclical qualities of many of our services, such as our litigation and regulatory offerings, and the short to medium term benefit we will see through our efficiency programme, we maintain confidence in the outlook for the second half and beyond.

FINANCIAL REVIEW – GROWTH, STRONG PROFITABILITY AND ACTIVE MANAGEMENT OF COST PRESSURES

Financial overview

Despite a challenging economic environment, the Group has delivered a strong performance in HY23 and is well positioned for continued growth in line with management expectations in the second half of the year.

The Group continues to grow revenue, with 4% growth in HY23 driven by Legal Advisory and Connected Services. Whilst the well publicised effects of a tight labour market and salary inflation has reduced gross margin vs HY22, the tight management of overheads has ensured that the cost to income ratio has largely mitigated the margin dilution. The decrease in cost to income ratio to 37.8% (HY22 39.1%) has delivered Adjusted PBT for HY23 of £18.5m which is consistent with HY22 (£18.7m). It should be noted that HY22 was a particularly strong reporting period in both revenue and profit generation, with the second half of FY22 delivering a weaker performance. FY23 anticipates a normalised H1 / H2 split which is in line with the rest of the sector and historical averages.

As we enter a period of sustained low economic growth, the Group has embarked on an efficiency programme with the aim of removing £10m to £12m of cost, with this annualised run rate expected to be achieved by the end of FY24. The impact of this efficiency programme in the short-to-medium term, together with the Group's defensive business model which includes significant litigation capability and recurring revenues from the insurance sector, provides continued confidence in the Group's trading performance despite the anticipated economic slowdown.

Revenue

Revenue is £212.1m for HY23 (HY22: £203.5m) representing growth of 4%. However, the Group focuses revenue measurement on net revenue as revenue is distorted by the level of recoverable expenses incurred on delivery of client matters where such expenses do not necessarily reflect the activity levels of the business.

Group net revenue increased by 3% to £179.1m for HY23 (HY22: £173.3m). The Legal Advisory division has grown by 4% (all of which is like for like which excludes the impact of any M&A, disposals or closures), with strong performance from the European businesses delivering 8% growth and the insurance practice area reliably delivering 4% revenue growth. The Connected Services division continues to deliver double-digit growth with net revenue growth of 16% (or 14% on a like for like basis). Mindcrest has had a mixed performance as it executed a divisional restructure, refreshing its go-to-market strategy and positioning itself for faster organic growth in the future. With the effects of a flagship long-term contract coming to an end in the period offsetting positive progress in other practice areas, net revenue has declined by 17%. Investments have been made in sales resources in order to build pipeline for future growth.

Direct costs

Direct costs have increased during the year to £89.8m (HY22: £84.3m) as we continue to invest in our talent through increases in pay and make targeted investments in growth areas including through lateral hires, notably in the UK and France. This investment is expected to deliver incremental revenues in H2 onwards.

Gross profit

Gross profit is consistent with the prior period at £89.3m (HY22: £89.0m) as the increase in direct costs decreases the overall gross margin percentage. The labour market continues to be tight, however this is expected to improve as lower global demand, particularly for transactional work, may lead to resource capacity as heavily transaction focussed firms shed capacity.

Working capital, net debt and leverage

Working capital in the legal sector is measured by lockup days, being the length of time between performing work and collecting cash. The PwC 2022 Law Firms' Survey reported a sector wide increase in lockup days as practices return to some normality post the Covid-19 pandemic. The Group's debtor days are consistent with FY22 at 96 days (HY22: 93 days) despite revenue growth. However, WIP days have increased to 94 days (HY22: 88 days) taking total lockup days to 190 days (HY22: 181 days). Whilst this represents a 5% increase in lockup days, this increase is favourable versus DWF's peer group, where firms in the top 11-25 of PwC's rankings have seen an 11% increase in lockup days.

The increase to lockup days in the period is partly due to timing differences with some material contingent matters being billed in October but have yet to be collected as well as a greater proportion of the WIP book representing matters which have been contracted with end-of-case billing terms.

Reported free cash flow is up £2.2m to £6.4m (HY22 £4.2m). The HY22 comparator included £5.4m of outflows deferred from prior periods due to Covid-19 that did not affect HY23. The normalised free cash flow comparator is £9.6m indicating a reduction in free cash flows of £3.2m, a result of the aforementioned lockup increases.

Net debt is £86.5m (HY22 £77.2m). The majority of the increase is due to £3.6m of acquisition-related outflows and £2.0m of cash payments in relation to office scale-backs and closures, with the balance being a function of increased lockup.

Consequently, leverage (defined as net debt divided by last twelve months of adjusted EBITDA inclusive of pro-forma adjustments for acquisitions) has increased slightly (by 8 basis points) compared to HY22:

	October 2022	**April 2022**	**October 2021**	**April 2021**
Leverage	1.27	1.08	1.19	1.04

Divisional Performance

As consistent with the prior period, the Group reports its results against three divisions:

Legal Advisory

	HY23 £k	**HY22 £k**	**Variance £k**	**Variance %**
Revenue	**180,977**	**172,700**	**8,277**	**5%**
Net revenue	**149,328**	**143,846**	**5,482**	**4%**
Direct costs	(73,229)	(68,244)	(4,985)	(7%)
Gross profit	**76,099**	**75,602**	**497**	**1%**
Gross margin	*51.0%*	*52.6%*	*(1.6ppts)*	

Despite the more challenging macro-economic background, Legal Advisory has delivered net revenue growth of 4% in HY23 versus a particularly strong HY22.

Insurance practice areas have grown by 4% versus prior year and, despite political uncertainty and global turbulence in recent months, transactional areas of the division have also fared well through HY23. The Corporate, Finance & Restructuring, Tax and Real Estate businesses have continued their strong performance from prior year, with collective net revenue growth of 8%. The European teams have also contributed positively, delivering growth of 13%, benefitting from the "one-team" strategy launched in FY21.

Net revenue growth through HY23 has been supported in part by direct cost increases, as headcount in the division has increased versus prior year (6% higher overall) – and specifically as a result of strategic lateral hire recruits, which have bolstered our offerings in key locations such as London and which are expected to fuel future growth.

Whilst carefully managing our people investment and experience (given the ongoing pressure surrounding legal recruitment, sector attrition and cost of living), H2 will see management continue to manage resource and capacity to further improve productivity and the effectiveness of the divisional structure, and so to boost profitability over the course of the next six months.

Focus for H2 will be on enhancing the revenue growth seen in HY23 through tactical programmes centred on pricing, the division's core clients and key propositions.

Connected Services

	HY23 £k	**HY22 £k**	**Variance £k**	**Variance %**
Revenue	**19,249**	**16,514**	**2,735**	**17%**
Net revenue	**18,849**	**16,325**	**2,524**	**16%**
Direct costs	(10,772)	(9,048)	(1,724)	(19%)
Gross profit	**8,077**	**7,277**	**800**	**11%**
Gross margin	*42.9%*	*44.6%*	*(1.7ppts)*	

The Group's Connected Services division delivered net revenue growth of 16% compared to HY22, or 10% on a like for like basis. The growth is bolstered by the acquisition of Acumension in September, a team of 47 legal costs management specialists in the UK, which has expanded DWF's costs management capability and enhanced the service for clients in the insurance and public sectors.

Whilst net revenue has grown by £2.5m, the gross profit increase is £0.8m due to the front-loading of investment in the first half of the year in order to materially grow Connected Services, in line with the Group's Integrated Legal Management strategy. As such, an increase in recruitment, travel and marketing has impacted profitability, with return on this investment expected in the second half of the year.

The accelerated recruitment has increased average headcount (excluding Acumension) compared to the prior year by 11% to 425 which has impacted gross margin, which reduced by 1.7 percentage points, due to the lead time in fee earners ramping up to full capacity.

The Claims Management and Adjusting business has grown by 14%. This growth is driven by the USA due to the strength of the American insurance market, new client wins and expansion of the team in Chicago. This is partially offset by a reduction in claims received from Covid-19 in the UK (both Business Interruption and following the easing of restrictions), however the pipeline for the second half of the year is strong, with a number of new client wins on board from November. The growth of the global Claims Management and Adjusting business is key to delivering Integrated Legal Management and this service continues to provide increased fee referrals to Legal Advisory.

The Regulatory area of the division, which includes the less-mature incubator businesses, has grown by 27%. One of our larger businesses, Ges-Start (DWF Spain's Connected Service which offers Accounting, Tax and Labour consulting), has grown net revenue by 18% due to their recurring client base and a number of large new projects.

The outlook for the second half of FY23 is positive and all areas of Connected Services are reporting strong pipelines. In the context of a tight labour market and the current macro-economic environment, whilst carefully protecting margin, investment in our people will be key to support and incentivise performance over the course of the next six months.

Mindcrest

	HY23 £k	HY22 £k	Variance £k	Variance %
Revenue	**11,872**	**14,276**	**(2,404)**	**(17%)**
Net revenue	**10,953**	**13,137**	**(2,184)**	**(17%)**
Direct costs	(5,811)	(7,030)	1,219	17%
Gross profit	**5,142**	**6,107**	**(965)**	**(16%)**
Gross margin	*46.9%*	*46.5%*	*0.5ppts*	

Mindcrest has delivered mixed results in the first six months of FY23. Year-on-year growth in the Financial Services' sector (12%) across both regulated consumer Lender Services and unregulated client Recoveries is reflective of global financial instability and consequential client requirements for cost-effective, market-leading, outsourced solutions. In addition, the timely introduction of a disruptive Legal Technology offering, delivering high quality at optimised cost, provides avenues for future growth. Conversely, challenges have been encountered – the conclusion of client automation solutions resulted in the maturity of a decade+ flagship engagement which has diluted the US portfolio. Furthermore, an increased competitive marketplace sees "buying" of work in the Contract Management & Litigation arena. The persistence of inflationary pressures and necessity to invest to remain competitive in the talent market also continues to pose a margin challenge. However, significant progress has been made in overcoming regulatory and technological hurdles which will enable best-shoring options and help drive an improved financial performance moving into H2 and beyond. Investment in sales resource is expected to build pipeline to drive future growth.

During HY23 the division underwent a significant reorganisation which has enabled refocussed investment into core services. A revitalised go-to-market strategy, global footprint expansion of existing services into new markets delivered from multinational delivery centres, as well as advancing proprietary technology through consultancy, are key objectives. Continued transition of Legal Advisory and support functions also remain a strategic priority with significant progress having been made in the first half of the year.

Administrative expenses

Reported administrative expenses decreased from £75.4m in HY22 to £73.3m in HY23. However this is impacted by the level of adjusting items in the respective periods, with a £7.6m charge in HY22 compared to £5.6m charge in HY23. This is driven by a £2.6m reduction in the HY23 share-based payments charge due to a reduction in the number of awards expected to vest as well as a small increase in the expected attrition rate.

The share-based payments charge, together with non-underlying items and amortisation of acquired intangible assets and impairment, are excluded from the adjusted administration expenses measure as they are all either one-off, non-cash or non-trading related expenses.

On an adjusted basis, administrative expenses were flat vs the prior period at £67.7m (HY22: £67.8m). Despite the inflationary environment we currently face, the Group has held its overheads flat as we start to see some of the benefits of the efficiency programme and premises strategy which are offsetting inflationary pressures on salaries and other costs. The Group has improved its cost to income ratio to 37.8% (HY22: 39.1%), beating the guided medium-term target, as the Group strives to deliver greater operational efficiency and value for money in its cost base. Further progress is expected as the property, overhead and resource costs being removed as part of the efficiency programme drop out of the income statement during FY24 and beyond.

Interest

Interest expense comprises £0.8m of interest payable on leases (HY22: £1.0m) and net finance expense of £2.3m (HY22: £1.6m) which represents bank charges, loan interest and interest on the Group's borrowing facilities. The Group has variable interest rates for most of its debt facilities so the increase in net finance expense compared to HY22 is a result of central banks increasing base rates in response to rising inflation in the western economy as well as a corresponding higher net debt position of the Group compared to the prior period.

Profit before tax

Reported profit before tax for HY23 is £12.9m, a 17% increase on the prior period (HY22: £11.0m). This reported position is impacted by the decrease in the quantum of non-underlying items in HY23 as referenced in the Administrative Expenses section. Adjusted PBT is £18.5m which is in line with the prior period of £18.7m. Management consider this a strong performance given the difficult trading environment and that the comparative period was one which had seen significant growth and activity levels.

Taxation

The Group is subject to corporation tax and payments on account of £0.6m (HY22: £0.4m) have been made in the first half with a tax charge to the Income statement of £0.7m (HY22: £2.0m). The decrease in the tax charge relates to the impact of an impairment of intercompany balances between subsidiaries previously subjected to closure or scaleback in which there is a deduction available for UK corporation tax.

Dividend

The Board has approved an interim dividend for FY23 of 1.6 pence per share in line with our policy of paying one third of the prior year total dividend as the interim dividend in the following year. The interim dividend for FY23 is payable on 3 March 2023 to shareholders on the register as at 3 February 2023.

Capital expenditure

The Group has incurred cash outflows on tangible fixed assets of £0.8m in HY23 (HY22: £0.9m). In addition, the Group incurred £3.0m of expenditure on intangibles in HY22 (HY21: £2.1m) which relates to internal development of technologies to support our fee earners in the efficient delivery of work as well as the finalisation of the platform build in Mindcrest.

Conclusion

The Group has delivered a strong performance in HY23 against the backdrop of an uncertain macro-environment, with activity levels, revenue, cash generation and profitability all showing improvement. Demand for services, and capacity to deliver those services, has steadily improved over the course of HY23. The Group has a strong pipeline of work coming into the second half of the financial year and expects to continue to see benefits from the ongoing focus on profitable growth, cost control and cash generation. This is expected to lead to a further enhancement of margin and a reduction in leverage in the medium term.

Statement of Directors' responsibilities

The Directors confirm to the best of their knowledge that the condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting and the Disclosure and Transparency Rules of the UK's Financial Conduct Authority, and that the Interim Management Report herein includes a true and fair review of the information required by DTR 4.2.7R and DTR 4.2.8R, namely:

- an indication of important events that have occurred during the first six months of the financial year, and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- disclosure of material related party transactions that have taken place in the first six months of the current financial year and of any material changes in the related party transactions described in the last Annual Report and Financial Statements.

This responsibility statement was approved by the board of Directors on 7 December 2022 and is signed on its behalf by:

Chris Stefani

Group Chief Financial Officer

OFFICERS

Directors:

Jonathan Bloomer
Chair

Chris Sullivan
Deputy Chairman and Senior Independent Director

Sir Nigel Knowles
Group Chief Executive Officer

Chris Stefani
Group Chief Financial Officer

Matthew Doughty
Group Chief Growth & Strategy Officer

Teresa Colaianni
Independent Non-Executive Director

Luke Savage
Independent Non-Executive Director

Samantha Tymms
Independent Non-Executive Director

Michele Cicchetti
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FINANCIAL STATEMENTS

Condensed consolidated income statement

	Notes	**Six months ended 31 October 2022 £'000**	Six months ended 31 October 2021 £'000	Year ended 30 April 2022 £'000
Revenue	**3**	**212,098**	**203,490**	**416,052**
Recoverable expenses		(32,968)	(30,182)	(65,810)
Net revenue	**3**	**179,130**	**173,308**	**350,242**
Direct costs		(89,812)	(84,322)	(169,332)
Gross profit	**3**	**89,318**	**88,986**	**180,910**
Administrative expenses		(71,925)	(73,443)	(146,691)
Trade receivables impairment		(1,373)	(2,549)	(2,973)
Other impairment reversal / (expense)		-	593	(3,593)
Operating profit		**16,020**	**13,587**	**27,653**
Net finance expense	4	(2,281)	(1,560)	(3,664)
Interest payable on leases	4	(829)	(999)	(1,673)
Profit before tax		**12,910**	**11,028**	**22,316**

Total of adjusting items as defined under the Group's alternative performance measures		(5,572)	(7,631)	(19,081)
Adjusted profit before tax	2	**18,482**	**18,659**	**41,397**

Taxation	5	(746)	(1,950)	(2,029)
Profit for the period		**12,164**	**9,078**	**20,287**

Earnings for the period per share attributable to the owners of the parent:				
Basic (p)	7	4.0	3.1	6.8
Diluted (p)	7	3.9	2.8	6.5

The results for all reported periods arise from continuing operations.

Notes 1 to 22 are an integral part of these consolidated and condensed set of financial statements.

Condensed consolidated statement of comprehensive income

	Six months ended 31 October 2022	Six months ended 31 October 2021	Year ended 30 April 2022
	£'000	£'000	£'000
Profit for the period	**12,164**	**9,078**	**20,287**
Items that are or may be reclassified subsequently to the income statement:			
Foreign currency translation differences – foreign operations	(3,175)	596	83
Total other comprehensive (expense) / income for the period	**(3,175)**	**596**	**83**
Total comprehensive income for the period	**8,989**	**9,674**	**20,370**

There is no taxation on items within other comprehensive income.

Notes 1 to 22 are an integral part of these consolidated and condensed financial statements.

Condensed consolidated statement of financial position

	Notes	**31 October 2022 £'000**	*Re-presented (note 1.5)* 31 October 2021 £'000	30 April 2022 £'000
Non-current assets				
Intangible assets	9	47,397	50,573	45,604
Property, plant and equipment	10	10,258	11,604	11,239
Right-of-use assets	11	61,778	64,549	65,234
Trade and other receivables	12	1,187	-	1,464
Deferred tax assets		3,911	5,325	3,938
Total non-current assets		**124,531**	**132,051**	**127,479**
Current assets				
Trade and other receivables	12	204,049	183,813	190,174
Cash and cash equivalents (excluding bank overdraft)	13	31,820	24,180	28,310
Total current assets		**235,869**	**207,993**	**218,484**
Total assets		**360,400**	**340,044**	**345,963**
Current liabilities				
Trade and other payables	14	57,940	65,383	63,325
Corporation tax liabilities		6,725	7,077	6,190
Deferred consideration		2,552	507	890
Lease liabilities	15	13,320	12,691	14,576
Interest-bearing loans and borrowings	16	13,088	22,919	9,786
Provisions		6,365	4,017	6,315
Amounts due to Members of partnerships in the Group	20	30,659	29,991	28,243
Total current liabilities		**130,649**	**142,585**	**129,325**
Non-current liabilities				
Deferred tax liabilities		7,290	7,242	5,869
Deferred consideration		-	556	-
Lease liabilities		59,759	65,780	63,163
Interest-bearing loans and borrowings	16	105,218	78,437	90,344
Provisions		4,506	2,101	4,147
Total non-current liabilities		**176,773**	**154,116**	**163,523**
Total liabilities		**307,422**	**296,701**	**292,848**
Net assets		**52,978**	**43,343**	**53,115**
Equity				
Share capital	18	3,254	3,254	3,254
Share premium	18	89,365	89,365	89,365
Treasury shares	18	(1,172)	(129)	(129)
Other reserves		625	3,733	4,929
Accumulated losses		(39,094)	(52,880)	(44,304)
Total equity		**52,978**	**43,343**	**53,115**

Notes 1 to 22 are an integral part of these consolidated and condensed financial statements.

Condensed consolidated statement of changes in equity

	Share capital £'000	Share premium £'000	Treasury shares £'000	Other reserves: Merger reserve £'000	Other reserves: Share-based payments reserve £'000	Other reserves: Translation reserve £'000	Accumulated losses £'000	Total equity £'000
At 1 May 2021	**3,246**	**88,610**	**(129)**	**(2,385)**	**12,885**	**(4,281)**	**(60,566)**	**37,380**
Profit for the period	-	-	-	-	-	-	9,078	**9,078**
Exchange rate differences	-	-	-	-	-	596	-	**596**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**596**	9,078	**9,674**
Issue of share capital	8	755	-	-	-	-	-	**763**
Dividends paid	-	-	-	-	-	-	(9,008)	**(9,008)**
Share-based payments	-	-	-	-	4,534	-	-	**4,534**
Recycling of share-based payments	-	-	-	-	(7,616)	-	7,616	**-**
At 31 October 2021	**3,254**	**89,365**	**(129)**	**(2,385)**	**9,803**	**(3,685)**	**(52,880)**	**43,343**
Profit for the period	-	-	-	-	-	-	11,209	**11,209**
Exchange rate differences	-	-	-	-	-	(513)	-	**(513)**
Total comprehensive expense	**-**	**-**	**-**	**-**	**-**	**(513)**	**11,209**	**10,696**
Dividends paid	-	-	-	-	-	-	(4,529)	**(4,529)**
Share-based payments	-	-	-	-	3,167	-	-	**3,167**
Recycling of share-based payments	-	-	-	-	(1,458)	-	1,458	**-**
Tax on share-based payments	-	-	-	-	-	-	438	**438**
At 30 April 2022	**3,254**	**89,365**	**(129)**	**(2,385)**	**11,512**	**(4,198)**	**(44,304)**	**53,115**

	Share capital £'000	Share premium £'000	Treasury shares £'000	Other reserves: Merger reserve £'000	Other reserves: Share-based payments reserve £'000	Other reserves: Translation reserve £'000	Accumulated losses £'000	Total equity £'000
At 1 May 2022	**3,254**	**89,365**	**(129)**	**(2,385)**	**11,512**	**(4,198)**	**(44,304)**	**53,115**
Profit for the period	-	-	-	-	-	-	12,164	**12,164**
Exchange rate differences	-	-	-	-	-	(3,175)	-	**(3,175)**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**(3,175)**	**12,164**	**8,989**
Treasury shares			(1,043)	-	-	-	-	**(1,043)**
Dividends paid	-	-	-	-	-	-	(9,821)	**(9,821)**
Share-based payments	-	-	-	-	2,730	-	-	**2,730**
Recycling on share-based payments	-	-	-	-	(3,859)	-	3,859	**-**
Tax on share-based payments	-	-	-	-	-	-	(992)	**(992)**
At 31 October 2022	**3,254**	**89,365**	**(1,172)**	**(2,385)**	**10,383**	**(7,373)**	**(39,094)**	**52,978**

Notes 1 to 22 are an integral part of these consolidated and condensed financial statements.

Condensed consolidated statement of cash flows

	Note	**Six months ended 31 October 2022 £'000**	Six months ended 31 October 2021 £'000	Year ended 30 April 2022 £'000
Cash flows from operating activities				
Cash generated from operations before adjusting items	19a	21,076	16,270	41,623
Cash used to settle non-underlying items		(2,246)	(5,513)	(8,464)
Cash generated from operations		**18,830**	**10,757**	**33,159**
Interest paid		(2,873)	(2,413)	(4,596)
Tax paid		(645)	(429)	(2,854)
Net cash generated from operating activities		**15,312**	**7,915**	**25,709**
Cash flows from investing activities				
Proceeds from sale of investment		-	227	227
Acquisition of subsidiary, net of cash acquired		(3,312)	(3,412)	(3,540)
Purchase of property, plant and equipment		(838)	(856)	(3,581)
Purchase of other intangible assets		(3,007)	(2,068)	(4,300)
Net cash flows used in investing activities		**(7,157)**	**(6,109)**	**(11,194)**
Cash flows from financing activities				
Dividends paid		(9,821)	(9,008)	(13,537)
Loan arrangement fee		-	-	(626)
Proceeds from borrowings		14,800	2,925	109,727
Repayment of borrowings		(3,530)	(725)	(104,861)
Repayment of principal of lease liabilities		(7,345)	(6,331)	(13,396)
Interest received		29	20	101
Capital contributions by Members		1,333	1,202	2,132
Repayments to former Members		(657)	(489)	(1,072)
Net cash flows from financing activities		**(5,191)**	**(12,406)**	**(21,532)**
Net increase / (decrease) in cash and cash equivalents		**2,964**	**(10,600)**	**(7,017)**
Cash and cash equivalents at the beginning of period		27,704	34,580	34,580
Effects of foreign exchange rate changes on cash and cash equivalents		470	(239)	141
Cash and cash equivalents at the end of period	**13**	**31,138**	**23,741**	**27,704**

Notes 1 to 22 are an integral part of these consolidated and condensed financial statements.

Notes to the condensed financial statements

1 Accounting policies

1.1 General information

DWF Group plc (the 'Company'), is a public limited company domiciled in the United Kingdom under the Companies Act 2006, and registered in England. The registered office is 20 Fenchurch Street, London, EC3M 3AG.

The principal activities of the Company and its subsidiary undertakings (together referred to as the 'Group') and the nature of the Group's operations are set out in the latest Annual Report and Financial Statements for the year ended 30 April 2022.

The presentational currency of the Group financial statements is British Pounds Sterling, which is the functional currency of the Parent Company.

1.2 Basis of preparation

This condensed consolidated interim financial information ('Interim Information') was approved for issue by the Board of Directors on 8 December 2022.

The Interim Information is neither reviewed nor audited and does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 30 April 2022 were approved by the Board of Directors on 20 July 2022 and subsequently filed with the Registrar. The report of the auditor on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

This Interim Information for the six months ended 31 October 2022 is prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and in accordance with IAS 34: *Interim Financial Reporting* as adopted by the UK ('IAS 34'). The accounting policies, methods of computation and presentation are consistent with those presented in the most recent Annual Report and Financial Statements. The Interim Information should be read in conjunction with the Annual Report and Financial Statements for the year ended 30 April 2022, which have been prepared in accordance with International Financial Reporting Standards as adopted by the UK ('IFRS'), and are available on the Group's website: www.dwfgroup.com.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the estimation of income tax (see Note 5).

The Group's forecast and projections, taking account of reasonably possible changes in trading performance, show that the Group will be able to operate within the level of its current banking facilities. The Directors have therefore adopted a going concern basis in preparing the Interim Information.

1.3 Alternative performance measures ('APM's)

In accordance with the Guidelines on APMs issued by the European Securities and Markets Authority ("ESMA"), additional information is provided on the APMs used by the Group below. In the reporting of financial information, the Group uses certain measures that are not required under IFRS.

These additional measures provide the Group's stakeholders with additional information on the performance of the business. The measures are consistent with those used internally, and are considered important and insightful to understanding the financial performance and financial health of the Group. The Group's APM's provide an important measure of how the Group is performing by providing a meaningful comparison of how the business is managed and measured on a day-to-day basis and achieves consistency and comparability between reporting periods. The APM's are primarily utilised in the following ways:

- *Non-statutory measures;* These are often sector specific KPIs such as lock-up days, net revenue and cost to income ratio. These allow greater comparability of the Group's performance within the legal sector.

EBITDA and net debt are also widely utilised within the Group and are both regularly used among the listed legal sector and other listed businesses.

- *Adjusting items*; These are adjustments to statutory profit metrics such as profit before tax ('PBT') and operating profit. These are items (both recurring and non-recurring) that are material in nature and include, but are not limited to, costs relating to acquisitions, disposals and significant events or programmes, some of which span multiple years. These items are excluded from adjusted PBT as management believe their inclusion distorts the underlying trading performance.

- *Non-underlying items*; Non-underlying items, a subset of adjusting items, are non-trading, non-cash or one-off items where management consider the quantum or nature of such items would distort the view of the underlying performance of the Group. By removing these items the reader is better able to compare like-for-like performance that would otherwise be hard to determine.

The following are included by the Group in its assessment of non-underlying items:

- Transaction expenses associated with acquisitions
- Purchase price relating to acquisitions not treated as consideration
- Expenses and impairment charges associated with office closures or scale-back of operations; and
- Costs associated with re-financing.

A complete list of APM's is included and fully defined in the glossary to the condensed set of Financial Statements.

1.4 Accounting estimates and judgement

The preparation of the financial statements under IFRS requires management to make judgements, estimates and assumptions which affect the financial information. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant and are reviewed on an ongoing basis. The critical judgements and key estimates applicable to these financial statements are set out below.

Critical judgement in applying the Group's accounting policies

Control over the ABS and non-ABS Groups

Regulations in certain jurisdictions in which the Group is represented allow Alternative Business Structures ('ABS') where legal firms can be owned by non-lawyers. This is not the case in other jurisdictions ('non-ABS'). As a result, DWF LLP, the head of the non-ABS group, is not directly owned by any entity within the ABS group (which includes the ultimate parent, DWF Group plc).

Consolidation of DWF LLP and the other non-ABS entities depends on the assessment of whether a member of the ABS group is exposed, or has rights, to variable returns from its involvement with such entity and has the ability to affect those returns through its power over such entity. Therefore, judgement is required in this assessment to determine if the non-ABS entities should be consolidated in the Group accounts.

A Governance Deed exists between DWF Law LLP (as representative of the ABS group) and DWF LLP. This Governance Deed mandates that the executive Board of both DWF Law LLP and DWF LLP be the same, bestowing DWF Law LLP the ability to affect returns of DWF LLP and meaning that DWF Law LLP's members have rights to variable returns from DWF LLP. On this basis, DWF LLP and the other non-ABS entities are consolidated in these financial statements.

Key sources of estimation uncertainty

The key assumption concerning the future, and other key source of estimation uncertainty at the reporting period that may have a significant risk of causing material adjustment of the carrying amounts of assets and liabilities within the next financial year, is discussed below.

Revenue recognition and valuation of unbilled revenue

The amount of variable consideration to be constrained in a time and material contract and the stage of completion of fixed fee contracts are key sources of estimation uncertainty. When services are invoiced, the uncertainty is removed so this applies to the unbilled revenue only, recorded as amounts recoverable from clients in respect of unbilled revenue in the statement of financial position (the contract asset). Respective amounts are provided in note 12.

For the estimates of revenue constraint and stage of completion, the Group estimates the value of the services provided to date as a proportion of the expected revenue under the contract. The expected revenue under the contract is either the anticipated level of price concession or the fixed fee. These estimates are based on specific client agreements, historical performance and forward-looking factors including improving efficiencies.

In valuing the Group's unbilled revenue a per-hour recovery rate is used. A 5% increase in the per-hour recovery rate would lead to a £3,913,850 increase in the carrying value of amounts recoverable from clients in respect of unbilled revenue and a £3,913,850 increase in revenue, profit before tax and equity. A 5% decrease in the per-hour recovery rate would lead to an equal and opposite impact on the carrying value of amounts recoverable from clients in respect of unbilled revenue and revenue.

1.5 Re-presentation of a comparative period

The condensed consolidated statement of financial position has been re-presented for the comparative period to present the IFRS 16 right-of-use assets as a standalone financial statement line item in order to provide users with clearer information on the leased assets. Note 10 now comprises solely the property, plant and equipment information. Note 11 now comprises solely the right-of-use assets information.

This note is intended to disclose material re-presentations within the primary financial statements. For other re-presentations within note disclosures, explanations have been provided within the note that has been changed.

2 Alternative performance measures

APMs are not intended to supplant IFRS measures but are included in response to investor feedback or to provide readers of the financial statements with additional understanding of the underlying trading performance of the Group.

APMs are fully defined and information as to why they are useful is provided in the glossary to the financial statements.

Adjusted profit before tax reconciles to profit before tax as follows:

	Six months ended 31 October 2022	Six months ended 31 October 2021	Year ended 30 April 2022
	£'000	£'000	£'000
Profit before tax	**12,910**	**11,028**	**22,316**
Adjusting items:			
Amortisation of intangible assets – acquired	1,926	2,513	4,655
Impairment of intangible assets	-	-	2,966

Impairment (reversal) / expense of tangible and right-of-use assets	-	(593)	627
Non-underlying items	1,548	1,052	1,224
Share-based payments expense	2,098	4,659	9,609
Total of adjusting items	**5,572**	**7,631**	**19,081**
Adjusted PBT	**18,482**	**18,659**	**41,397**

The £593,000 impairment reversal in the comparative period relates to a reduction in the impairment, initially recognised in FY21, of a right-of-use asset as part of the Australian scale-back of operations. The calculation of the impairment reversal included future sublease income, and hence was reversed by the amount of expected future cash flows.

Adjusted PBT reconciles to profit before tax with reconciling items by nature as follows:

	Six months ended 31 October 2022	Six months ended 31 October 2021	Year ended 30 April 2022
	£'000	£'000	£'000
Profit before tax	**12,910**	**11,028**	**22,316**
Office closures and scale-backs	729	(336)	(238)
Acquisition-related expenses	2,745	3,308	9,564
Share-based payments expense	2,098	4,659	9,609
Refinancing costs	-	-	146
Adjusted PBT	**18,482**	**18,659**	**41,397**

Acquisition-related expenses comprise costs of £319,000 related to the Acumension and Whitelaw Twining acquisitions (note 8), £500,000 of costs related to an aborted acquisition, and £1,926,000 amortisation on acquired intangibles.

Non-underlying items are set out in the table below:

		Six months ended 31 October 2022	Six months ended 31 October 2021	Year ended 30 April 2022
		£'000	£'000	£'000
Acquisition-related advisory fees	a	819	152	336
Acquisition-related expenses	b	-	643	1,104
Closure and scale-back of operations	c	729	257	(362)
Non-underlying items within operating profit		**1,548**	**1,052**	**1,078**
Non-underlying finance expense		-	-	146
Total non-underlying items		**1,548**	**1,052**	**1,224**

a. The Group periodically considers and analyses potential acquisition targets and recognises there is inherent complexity and risk associated with acquisitions. The Group manages this by employing external professional advisors to perform legal, financial, commercial and tax due diligence on targets. These costs relate to opportunities the Group identifies and pursues, of which a portion result in successful acquisitions. Acquisition fees in the current period relate to the acquisitions of Acumension and Whitelaw Twining, as well as £500,000 relating to an aborted acquisition.

b. The previous periods included costs related to the Mindcrest acquisition in FY20 that were classified as remuneration and not consideration under IFRS 3. As these costs were not considered recurring, management included them within adjusting items in order to give greater clarity of underlying trading performance. These costs ceased in February 2022.

c. Closure and scale-back of operations expense in the current year relate to the scale-back of the operations in Singapore and Germany. These costs comprise people and supplier exit expenses and the impairment of assets that are deemed potentially irrecoverable as a result of the decision taken. The current year costs also include expenses associated with a restructure in the Mindcrest division. The prior period costs relate to the scale-back of the operations in Australia which began in March FY21, reflecting an additional impairment of assets since the estimate made at FY21.

The cost to income ratio is used to assess the levels of operational gearing in the Group. The cost to income ratio is defined as administrative expenses less adjusting items and divided by net revenue and is calculated as follows:

	Six months ended 31 October 2022	Six months ended 31 October 2021	Year ended 30 April 2022
	£'000	£'000	£'000
Net revenue	**179,130**	**173,308**	**350,242**
Administrative expenses and impairment	**73,298**	**75,399**	**153,257**
Total of adjusting items	(5,572)	(7,631)	(19,081)
Less: re-financing costs included in adjusting items	-	-	146
Adjusted administrative expenses	**67,726**	**67,768**	**134,322**
Cost to income ratio	**37.8%**	**39.1%**	**38.4%**

3 Reporting segments

In accordance with IFRS 8: *Operating Segments* ('IFRS 8'), the Group's operating segments are based on the operating results reviewed by the Board, who represent the chief operating decision maker ('CODM'). The Group has the following three strategic divisions, which are its reportable segments. These divisions offer different services and are reported separately because of different specialisms within teams in the business Group.

The following summary describes the operations of each reportable segment:

Reportable segment	***Operations***
Legal Advisory Services	Premium legal advice, commercial intelligence and relevant industry experience.
Connected Services	Collection of products and business services that enhance and complement our legal offerings.
Mindcrest	Outsourced and process-led legal services, designed to standardise, systemise, scale and optimise legal workflows.

The revenue, net revenue and gross profit are attributable to the principal activities of the Group.

For period ended 31 October 2022

	Legal Advisory	Connected Services	Mindcrest	Total
	£'000	£'000	£'000	£'000
Revenue	**180,977**	**19,249**	**11,872**	**212,098**
Recoverable expenses	(31,649)	(400)	(919)	(32,968)
Net revenue	**149,328**	**18,849**	**10,953**	**179,130**
Direct costs	(73,229)	(10,772)	(5,811)	(89,812)
Gross profit	**76,099**	**8,077**	**5,142**	**89,318**
Gross margin %	***51.0%***	***42.9%***	***46.9%***	***49.9%***
			Administrative expenses	(71,925)
			Trade receivables impairment	(1,373)
			Other impairment	-
			Operating profit	**16,020**
			Net finance expense	(2,281)
			Interest payable on leases	(829)
			Profit before tax	**12,910**
			Taxation	(746)
			Profit for the period	**12,164**

For period ended 31 October 2021

	Legal Advisory	Connected Services	Mindcrest	Total
	£'000	£'000	£'000	£'000
Revenue	172,700	16,514	14,276	203,490
Recoverable expenses	(28,854)	(189)	(1,139)	(30,182)
Net revenue	**143,846**	**16,325**	**13,137**	**173,308**
Direct costs	(68,244)	(9,048)	(7,030)	(84,322)
Gross profit	**75,602**	**7,277**	**6,107**	**88,986**
Gross margin %	***52.6%***	***44.6%***	***46.5%***	***51.3%***
			Administrative expenses	(73,443)
			Trade receivables impairment	(2,549)
			Other impairment	593
			Operating profit	**13,587**
			Net finance expense	(1,560)
			Interest payable on leases	(999)
			Profit before tax	**11,028**
			Taxation	(1,950)
			Profit for the period	**9,078**

For year ended 30 April 2022

	Legal Advisory	Connected Services	Mindcrest	Total
	£'000	£'000	£'000	£'000
Revenue	**355,063**	**34,181**	**26,808**	**416,052**
Recoverable expenses	(63,110)	(324)	(2,376)	(65,810)
Net revenue	**291,953**	**33,857**	**24,432**	**350,242**
Direct costs	(138,729)	(18,828)	(11,775)	(169,332)
Gross profit	**153,224**	**15,029**	**12,657**	**180,910**
Gross margin %	***52.5%***	***44.4%***	***51.8%***	***51.7%***
Administrative expenses				(146,691)
Trade receivables impairment				(2,973)
Other impairment				(3,593)
Operating profit				**27,653**
Net finance expense				(3,664)
Net interest expense on leases				(1,673)
Profit before tax				**22,316**
Taxation				(2,029)
Profit for the year				**20,287**

There are no intra-segmental revenues which are material for disclosure. Administrative expenses represent indirect costs that are not specifically allocated to segments.

Revenue and net revenue by region

The UK is the Group's country of domicile and the Group generates the majority of its revenue from external clients in the UK. The geographical analysis of revenue and net revenue is on the basis of the country of origin in which the client is invoiced.

The Group's revenue and net revenue by geographical region are as follows:

	Revenue		
	Six months ended 31 October 2022 £'000	**Six months ended 31 October 2021 £'000**	**Year ended 31 April 2022 £'000**
UK	158,087	153,379	310,381
Spain	17,911	16,500	36,515
Asia	4,144	4,948	11,107
Rest of World	31,956	28,663	58,049
Total	**212,098**	**203,490**	**416,052**

	Net Revenue		
	Six months ended 31 October 2022 £'000	**Six months ended 31 October 2021 £'000**	**Year ended 31 April 2022 £'000**
UK	128,012	125,524	250,584
Spain	17,911	16,501	36,515
Asia	3,336	4,286	8,838
Rest of World	29,871	26,997	54,305

Total	**179,130**	**173,308**	**350,242**

Total assets and liabilities for each reportable segment are not provided to the CODM and therefore not presented.

4 Net finance expense and net interest expense on leases

	Six months ended 31 October 2022 £'000	Six months ended 31 October 2021 £'000	Year ended 30 April 2022 £'000
Finance income			
Interest receivable	29	20	101
	29	**20**	**101**
Finance expense - other			
Interest payable on bank borrowings	1,732	1,034	2,300
Other interest payable	50	42	54
Bank and other charges	528	504	1,265
Non-underlying finance expense	-	-	146
	2,310	**1,580**	**3,765**
Net finance expense	**2,281**	**1,560**	**3,664**
Net interest expense on leases			
Interest expense on lease liabilities	829	999	1,673
	829	**999**	**1,673**

5 Taxation

The tax charge is recognised based on management's best estimate of the full year effective tax rates by geographical unit applied to pre-tax income for the six-month period, which is then adjusted for tax adjusting items arising in the period ended 31 October 2022.

The Finance Act 2021 enacted on 10 June 2021 increased the main rate of UK corporation tax from 19% to 25%, effective from 1 April 2023. Deferred taxes on the balance sheet have been measured at 25% which represents the future corporation tax rate that was enacted at the balance sheet date. The UK fiscal statement on 23 September 2022 included measures to cancel the planned increase in the corporation tax rate to 25%. Subsequent events in the UK economy led the government to reverse the cancellation of the increase in the corporate income tax rate to 25% as announced in the September UK fiscal statement. As a result, the UK corporate income tax is due to rise as originally scheduled to 25% on 1 April 2023.

	Six months ended 31 October 2022 £'000	Six months ended 31 October 2021 £'000	Year ended 30 April 2022 £'000
UK corporation tax on profit	2,702	2,628	5,639
Foreign tax on profit	636	523	2,822
Adjustments in respect of prior periods	(2,071)	-	(5,443)
Current tax expense	**1,267**	**3,151**	**3,018**
Deferred tax charge / (credit)	64	(1,248)	(2,354)

Adjustments in respect of prior periods	(585)	47	1,365
Total deferred tax credit	**(521)**	**(1,201)**	**(989)**
Total tax charge for the year	**746**	**1,950**	**2,029**

A timing difference has resulted in subsidiaries recognising an impairment of intercompany loans between subsidiaries subsequent to when the Group reported results for FY22. A net tax impact of £2.1m has been adjusted for in respect of prior periods. The tax impact arises due to an allowed deduction for UK tax purposes relating to the impairment, which will be claimed by the Group undertaking for the year ending 30 April 2022.

6 Dividends

	Six months ended 31 October 2022 pence per share	Six months ended 31 October 2021 pence per share	Year ended 30 April 2022 pence per share
Final dividends recognised as distributions in the period	**3.25**	3.00	3.00
Interim dividends recognised as distributions in the period	-	-	1.50
Total dividends paid in the period	**3.25**	**3.00**	**4.50**
Interim and final dividend proposed	**1.60**	**1.50**	**3.25**

	Six months ended 31 October 2022 £'000	Six months ended 31 October 2021 £'000	Year ended 30 April 2022 £'000
Final dividends recognised as distributions in the period	**9,821**	9,008	9,008
Interim dividends recognised as distributions in the period	-	-	4,529
Total dividends paid in the period	**9,821**	**9,008**	**13,537**
Interim and final dividend proposed	**5,206**	**4,880**	**10,574**

On 20 July 2022, the Board approved a final dividend for the year ended 30 April 2022 of 3.25 pence per share. The dividend was paid on 7 October 2022 to all shareholders on the Register of Members on 9 September 2022. The payment of the dividend did not have any tax consequences for the Group.

An interim dividend for the year ending 30 April 2023 of 1.60 pence per share was approved by the board on 7 December 2022. The dividend will be paid on 3 March 2023 to all shareholders on the Register of Members as at 3 February 2023.

7 Earnings per share

Earnings attributable to owners of the parent	**Six months ended 31 October 2022 £'000**	Six months ended 31 October 2021 £'000	Year ended 30 April 2022 £'000
Earnings for the period for the purpose of basic earnings per share	**12,164**	9,078	20,287
	Number	Number	Number

Weighted average number of ordinary shares for the purposes of basic earnings per share	301,248,054	297,234,446	298,898,991
Effect of dilutive potential ordinary shares:			
Future exercise of share awards and options	12,268,283	25,225,294	13,639,188
Weighted average number of ordinary shares for the purposes of diluted earnings per share	313,516,337	322,459,740	312,538,179
Earnings per share attributable to the owners of the parent:			
Basic earnings per share (p)	4.0	3.1	6.8
Diluted earnings per share (p)	3.9	2.8	6.5

Adjusted basic and adjusted diluted earnings per share are APMs (as defined in the glossary) and have been calculated using profit for the purpose of basic earnings share adjusted for total adjusting items and the tax effect of those items.

Adjusted basic and adjusted diluted earnings per share may be reconciled to basic earnings per share as follows:

	Six months ended 31 October 2022 £'000	Six months ended 31 October 2021 £'000	Year ended 30 April 2022 £'000
Profit for the period	**12,164**	**9,078**	**20,287**
Add/(remove):			
Total of adjusting items (note 2)	5,572	7,631	19,081
Tax effect of adjustments above	(1,161)	(1,513)	(4,651)
Adjusted profit for the purpose of adjusted earnings per share	**16,575**	**15,196**	**34,717**

	Number	Number	Number
Weighted average number of ordinary shares for the purposes of adjusted basic earnings per share	301,248,054	297,234,446	298,898,991
Ordinary shares for the purposes of adjusted diluted earnings per share	325,352,865	325,352,865	325,352,865
Adjusted basic earnings per share (p)	5.5	5.1	11.6
Adjusted diluted earnings per share (p)	5.1	4.7	10.7

Shares held in trust are issued shares that are owned by the Group's Employee Benefit Trusts for future issue to employees as part of share incentive schemes. These are recognised on consolidation as treasury shares. The future exercise of share awards and options is the dilutive effect of share awards granted to employees that have not yet vested.

Share held in trust are deducted from the weighted average number of ordinary shares for basic earnings per share. For its adjusted basic measure, the Group uses the weighted average number of ordinary shares.

8 Acquisitions of subsidiaries

Acquisitions in the six months to 31 October 2022

Business combinations are accounted for using the acquisition accounting method as at the acquisition date, which is the date at which control is transferred to the Group.

The acquisition of Acuhold Limited, and subsidiary Acumension Limited (collectively "Acumension") was made in the period to 31 October 2022. As a post balance sheet event, the acquisition of Whitelaw Twining Law Corporation was completed on 5 December 2022. Please see Note 22 for further details of this.

Details of the acquisition are as follows:

	Country of incorporation	Nature of activity	Date of acquisition	Consideration £'000	Percentage ownership
Acumension	UK	Costs management	2 September 2022	6,780	100%

Acumension is a leading specialist in legal costs management headquartered in Manchester, focused on utilising technological capability to deal with complex defendant costs, and will expand our existing Costs business within the Connected Services division.

The provisional fair values of the assets and liabilities and the associated goodwill arising from the acquisition are as follows:

	£'000
Intangible assets	2,446
Property, plant and equipment	89
Work in progress	843
Trade and other receivables	2,104
Cash and cash equivalents	1,690
Trade and other payables	(351)
Loans and borrowings	-
Deferred tax liability	(637)
Net assets acquired	6,184
Purchase consideration	6,780
Purchase consideration satisfied by:	
Initial cash consideration	4,368
Deferred cash consideration	1,086
Assets transferred as consideration	76
Contingent consideration	1,250
Provisional goodwill	**596**

Within the £6,780,000 consideration for Acumension, £1,086,000 is deferred and payable over one year post-acquisition and is not contingent on future performance targets. Of this deferred consideration, £436,000 has been paid in the period. Additionally, there is contingent consideration of £1,250,000 which is payable based on certain KPIs being met in the 12 months following. 100% of the contingent consideration has been recognised as payable as at 31 October 2022, as management believe that the related KPIs will be met.

The goodwill is attributable to the benefits of operating an already well-established business in the relevant sector that is expected to be achieved from incorporating the business into the Group's operations. As the purchases were not made with any qualifying intellectual property, all goodwill acquired is non-tax deductible.

Goodwill is measured at the acquisition date as the fair value of consideration transferred, plus non-controlling interests and the fair value of any previously held equity interests less the net recognised amount (which is generally fair value) of the identifiable assets and liabilities assumed. Goodwill is subject to an annual review for impairment (or more frequently if necessary) in accordance with our accounting policies. Any impairment is charged to the income statement as it arises.

The following intangible assets, not including the provisional goodwill, were recognised at acquisition. These have been measured at their fair value through the multi-period excess earnings method (customer relationships) and royalty relief method (brand).

	£'000
Intangible assets – brand	569
Intangible assets – customer relationships	1,877
Total fair value of intangibles on acquisition	**2,446**
Deferred tax recognised as a result of the intangibles	(611)
Total fair value on acquisition	**1,835**

Cash flows arising from the acquisition were as follows:

	£'000
Purchase consideration	(4,368)
Cash and cash equivalents acquired	1,690
Total fair value on acquisition	**(2,678)**
Deferred consideration paid in the period	(436)
Net cash outflow in the period	**(3,114)**

Acumension contributed revenues of £500,000 to the group for the period. Transaction costs comprised mainly advisor fees, including financial, tax and legal due diligence. These are all included within administrative expenses (non-underlying) within Note 2.

9 Intangible assets and goodwill

		Acquired				
	Goodwill £'000	Customer relationships £'000	Brand £'000	Software costs £'000	Capitalised development costs £'000	Total £'000
Cost						
At 1 May 2022	14,034	36,812	1,933	6,762	14,165	73,706
Additions – internally developed	-	-	-	-	2,545	2,545
Additions – externally purchased	-	-	-	369	-	369
Additions through acquisitions	596	1,877	569	-	-	3,042
Effect of movements in foreign exchange	18	(126)	16	(5)	-	(97)
At 31 October 2022	**14,648**	**38,563**	**2,518**	**7,126**	**16,710**	**79,565**
Amortisation and impairment						

At 1 May 2022	1,357	13,132	1,782	4,444	7,387	28,102
Amortisation for the period	-	1,799	127	670	1,508	4,104
Effect of movements in foreign exchange	20	(35)	(21)	(2)	-	(38)
At 31 October 2022	**1,377**	**14,896**	**1,888**	**5,112**	**8,895**	**32,168**
Net book value						
At 31 October 2022	**13,271**	**23,667**	**630**	**2,014**	**7,815**	**47,397**
At 1 May 2022	12,677	23,680	151	2,318	6,778	45,604

10 Property, plant and equipment

	Leasehold improvements £'000	Office equipment and fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost				
At 1 May 2022	18,170	13,938	37,491	69,599
Additions	56	304	337	697
Effect of movements in foreign exchange	(58)	34	(79)	(103)
At 31 October 2022	**18,168**	**14,276**	**37,749**	**70,193**
Accumulated depreciation				
At 1 May 2022	14,066	9,163	35,131	58,360
Charge for the period	423	544	658	1,625
Effect of movements in foreign exchange	(24)	(17)	(9)	(50)
At 31 October 2022	**14,465**	**9,690**	**35,780**	**59,935**
Net book value				
At 31 October 2022	**3,703**	**4,586**	**1,969**	**10,258**
At 1 May 2022	4,104	4,775	2,360	11,239

11 Right-of-use assets

Leases as a lessee

	Property £'000	Equipment £'000	*Re-presented (note 1.5)* Total £'000
Right-of-use assets			
At 1 May 2022	63,615	1,619	65,234
Additions	2,141	-	2,141
Depreciation	(6,648)	(235)	(6,883)
Disposals	(50)	-	(50)
Remeasurement adjustment	916	-	916
Effect of movements in foreign exchange	419	1	420
At 31 October 2022	**60,393**	**1,385**	**61,778**

12 Trade and other receivables

	31 October 2022	**Re-presented* 31 October 2021	30 April 2022

	£'000	£'000	£'000
Current			
Trade receivables	92,771	84,679	88,949
Amounts recoverable from clients in respect of unbilled revenue	82,389	73,566	71,958
Unbilled disbursements	10,332	9,353	7,982
Contract assets	***92,721***	**82,919**	***79,940***
Trade receivables and contract assets	***185,492***	**167,598**	***168,889***
Other receivables	1,897	3,511	2,216
Amounts due from Members of partnerships	2,238	1,902	2,238
Lease receivables	533	-	432
Reimbursement asset	4,801	852	4,040
Prepayments	9,088	9,950	12,359
	204,049	**183,813**	**190,174**
Non-current			
Other receivables	938	-	938
Lease receivables	249	-	526
	1,187	**-**	**1,464**

The comparative period has been re-presented so as to split out the Amounts due from Members of partnerships, in order to provide clearer information as to the nature of the balance.

13 Cash and cash equivalents

	31 October 2022	31 October 2021	30 April 2022
	£'000	£'000	£'000
Cash at bank and in hand	31,820	24,180	28,310
Bank overdrafts (note 16)	(682)	(439)	(606)
Cash and cash equivalents	**31,138**	**23,741**	**27,704**

14 Trade and other payables

	31 October 2022	**Re-presented* 31 October 2021	30 April 2022
	£'000	£'000	£'000
Trade payables	29,713	24,507	27,896
Other payables	2,987	4,846	3,748
Other taxation and social security	13,236	17,795	15,284
Deferred income	2,487	1,253	2,014
Accruals	9,517	16,982	14,383
	57,940	**65,383**	**63,325**

Deferred income has been re-presented for the comparative period to split it out as a separate line from accruals. Accruals include £nil (31 October 2021: £2,322,000; 30 April 2022: £nil) relating to acquisition-related remuneration expense.

In 2020, the Group participated in the UK Government's VAT deferral scheme, which was launched to assist businesses in their response to COVID-19. Within other taxation and social security there remains £nil (31 October 2021: £5,348,000; April 2022: £nil) of VAT payable which was deferred from March 2020.

15 Lease liabilities

	31 October 2022 £'000	31 October 2021 £'000	30 April 2022 £'000
Balance at the beginning of the period	77,739	84,002	84,002
Additions	1,878	1,840	7,683
Interest expense related to lease liabilities	829	999	1,673
Net foreign currency translation loss / (gain)	428	(217)	763
Remeasurement adjustment	379	(823)	(1,313)
Repayment of lease liabilities (including interest)	(8,174)	(7,330)	(15,069)
Balance at the end of the period	**73,079**	**78,471**	**77,739**

Current lease liabilities	13,320	12,691	14,576
Non-current lease liabilities	59,759	65,780	63,163
	73,079	**78,471**	**77,739**

16 Interest-bearing loans and borrowings

Obligations under interest-bearing loans and borrowings

	31 October 2022 £'000	31 October 2021 £'000	30 April 2022 £'000
Current liabilities			
Bank loans	5,505	18,612	9,093
Supplier payments facility	6,901	3,868	87
Bank overdrafts	682	439	606
	13,088	**22,919**	**9,786**
Non-current liabilities			
Bank loans	105,640	78,929	90,907
Capitalised loan arrangement fees	(422)	(492)	(563)
	105,218	**78,437**	**90,344**
	118,306	**101,356**	**100,130**

Analysis of cash and cash equivalents and interest-bearing loans and borrowings:

	1 May 2022 £'000	Cash flow £'000	Exchange movement £'000	Non-cash movement £'000	**31 October 2022 £'000**

Cash and cash equivalents	27,704	2,963	471	-	31,138
Bank loans	(99,437)	(10,988)	(157)	(141)	(110,723)
Supplier payments facility	(87)	9,002	-	(15,816)	(6,901)
Total net debt (excluding IFRS 16)	**(71,820)**	**977**	**314**	**(15,957)**	**(86,486)**

	1 May 2021 £'000	Cash flow £'000	Exchange movement £'000	Non-cash movement £'000	**31 October 2021 £'000**
Cash and cash equivalents	34,580	(10,600)	(239)	-	23,741
Bank loans	(94,544)	(2,200)	175	(480)	(97,049)
Supplier payments facility	(204)	1,572	-	(5,236)	(3,868)
Total net debt (excluding IFRS 16)	**(60,168)**	**(11,228)**	**(64)**	**(5,716)**	**(77,176)**

	1 May 2021 £'000	Cash flow £'000	Exchange movement £'000	Non-cash movement £'000	**30 April 2022 £'000**
Cash and cash equivalents	34,580	(7,017)	141	-	27,704
Bank loans	(94,544)	(4,240)	227	(880)	(99,437)
Supplier payments facility	(204)	15,683	-	(15,566)	(87)
Total net debt (excluding IFRS 16)	**(60,168)**	**4,426**	**368**	**(16,446)**	**(71,820)**

Non-cash movements within bank loans relate to the amortisation of fees incurred on arrangement of the facility, over the expected life of the facility. Non-cash movements within the supplier payments facility relate to the utilisation of the facility to settle liabilities with suppliers, with the supplier payments facility being settled with cash when the liability becomes due.

17 Financial instruments

The Group’s principal financial instruments comprise trade and other receivables, unbilled revenue, cash and cash equivalents, trade and other payables, lease liabilities, bank borrowings and capital contributions from members.

Fair value measurement

The fair value of each class of financial asset and liability approximates the carrying value. The table below sets out the Group's accounting classification of each category of financial asset and liability and their carrying values at the end of each reporting period:

	Notes	**31 October 2022 £'000**	31 October 2021 £'000	30 April 2022 £'000
Cash and cash equivalents	13	31,138	23,741	27,704
Measured at amortised cost:				
Trade and other receivables	12	196,148	171,109	179,279
Total financial assets		**227,286**	**194,850**	**206,983**
Measured at amortised cost:				
Trade and other payables	14	55,453	65,383	61,311

Lease liabilities		73,079	78,471	77,739
Borrowings	16	118,046	101,356	100,087
Amounts due to members of partnerships in the Group	20	30,659	29,991	28,243
Total financial liabilities		**277,237**	**275,207**	**267,380**

18 Share capital

	Number of 1p each	Ordinary shares £'000	Share premium £'000	Treasury shares £'000	**Total £'000**
Issued and fully paid ordinary shares					
At 31 October 2021	**325,352,865**	**3,254**	**89,365**	**(129)**	**92,490**
At 30 April 2022	**325,352,865**	**3,254**	**89,365**	**(129)**	**92,490**
Purchase of treasury shares	-	-	-	(1,043)	(1,043)
At 31 October 2022	**325,352,865**	**3,254**	**89,365**	**(1,172)**	**91,447**

The increase in treasury shares relates to a timing difference between the Group settling tax liabilities in cash on vested shares of participants in the share incentive plans and the Employee Benefit Trust selling shares to cover that related tax liability. We expect the Employee Benefit Trust to sell the related shares during the second half of FY23.

19 Cash generated from operations

a) Cash used in operations before adjusting items

	Six months ended 31 October 2022 £'000	Six months ended 31 October 2021 £'000	Year ended 30 April 2022 £'000
Cash flows from operating activities			
Profit before tax	12,910	11,028	22,316
Adjustments for:			
Impairment (reversal) / expense	-	(593)	3,593
Amortisation of acquired intangible assets	1,926	2,513	4,655
Depreciation of right-of-use asset	6,883	6,394	12,737
Other depreciation and amortisation	3,803	3,687	7,211
Non-underlying items	1,548	1,052	1,224
Share-based payments expense	2,098	4,659	9,609
Interest expense on lease liabilities	829	999	1,673
Net finance expense	2,281	1,560	3,518
Operating cash flows before movements in working capital	**32,278**	**31,299**	**66,536**
Increase in trade and other receivables	(10,863)	(2,583)	(8,031)
Decrease in trade and other payables	(1,498)	(11,887)	(17,641)
(Decrease) / increase in provisions	(599)	442	4,798
Increase / (decrease) in amounts due to members of partnerships in the Group	1,758	(1,001)	(4,039)

Cash generated in operations before adjusting items	**21,076**	**16,270**	**41,623**

b) Free cash flows

	Six months ended 31 October 2022 £'000	Six months ended 31 October 2021 £'000	Year ended 30 April 2022 £'000
Free cash flows			
Operating cash flows before movements in working capital	32,278	31,299	66,536
Net working capital movement	(12,960)	(14,028)	(20,874)
Amounts due to Members of partnerships in the Group	1,758	(1,001)	(4,039)
Cash generated from operations before adjusting items	**21,076**	**16,270**	**41,623**
Net interest paid	(2,844)	(2,393)	(4,596)
Tax paid	(645)	(429)	(2,854)
Repayment of lease liabilities	(7,345)	(6,331)	(13,396)
Purchase of property, plant and equipment	(838)	(856)	(3,581)
Purchase of other intangible assets	(3,007)	(2,068)	(4,300)
Free cash flows	**6,397**	**4,193**	**12,896**

c) Working capital measures

	31 October 2022 £'000	31 October 2021 £'000	30 April 2022 £'000
WIP days			
Amounts recoverable from clients in respect of unbilled revenue	82,389	73,566	71,958
Unbilled disbursements	10,332	9,353	7,982
Total WIP	**92,721**	**82,919**	**79,940**
Annualised net revenue	**360,664**	**345,612**	**350,490**
WIP days	**94**	**88**	**83**
Debtor days			
Trade receivables (net of allowance for doubtful receivables)	92,771	84,679	88,949
Other receivables*	2,485	3,511	3,154
Total debtors	**95,256**	**88,190**	**92,103**
Annualised net revenue	**360,664**	**345,612**	**350,490**
Debtor days	**96**	**93**	**96**
Lockup days			
Total WIP	92,721	82,919	79,940
Total debtors	95,256	88,190	92,103
Total lockup	**187,977**	**171,109**	**172,043**
Annualised net revenue	**360,664**	**345,612**	**350,490**

Lockup days	**190**	**181**	**179**

Annualised net revenue reflects the total net revenue for the previous 12-month period inclusive of pro-forma adjustments for acquisitions and scale-backs.

20 Amounts due to members of partnerships in the Group

Amounts due to members of partnerships in the Group comprise members' capital and other amounts due to members classified as liabilities as follows:

	Members' capital £'000	Other amounts due to members £'000	**Total amounts due to members of partnerships in the Group £'000**
At 1 May 2022	**14,370**	**13,873**	**28,243**
Members' remuneration charged as an expense	-	22,509	22,509
Unrealised foreign exchange translation differences	29	(35)	(6)
Capital introduced by members	1,333	-	1,333
Repayments of capital	(657)	-	(657)
Drawings	-	(20,763)	(20,763)
At 31 October 2022	**15,075**	**15,584**	**30,659**

	Members' capital £'000	Other amounts due to members £'000	**Total amounts due to members of partnerships in the Group £'000**
At 1 May 2021	**13,348**	**18,144**	**31,492**
Members' remuneration charged as an expense	-	20,793	**20,793**
Unrealised foreign exchange translation differences	31	159	**190**
Capital introduced by members	1,202	-	**1,202**
Repayments of capital	(489)	-	**(489)**
Drawings	-	(23,197)	**(23,197)**
At 31 October 2021	**14,092**	**15,899**	**29,991**

	Members' capital £'000	Other amounts due to members £'000	**Total amounts due to members of partnerships in the Group £'000**
At 1 May 2021	**13,348**	**18,144**	**31,492**
Members' remuneration charged as an expense	-	43,670	**43,670**
Unrealised foreign exchange translation differences	(38)	(80)	**(118)**
Capital introduced by members	2,132	-	**2,132**
Repayments of capital	(1,072)	-	**(1,072)**
Drawings	-	(47,861)	**(47,861)**
At 30 April 2022	**14,370**	**13,873**	**28,243**

The average number of members during the period was as follows:

	31 October 2022	31 October 2021	30 April 2022
Average number of members of partnerships held by the Group during the period	**371**	362	366

21 Seasonality

Historically, the Group generates one to two percentage points more revenue in the second half of the year when compared to the first. This is due to the number of working days, the timing of annual leave, the timing of resource investments and new client wins.

22 Events after the reporting period

The following event occurred after 31 October but before the approval of the half year results.

Business combination: Whitelaw Twining
On 5 December 2022, DWF Group plc established a partnership in British Columbia to provide Legal Advisory and Connected Services through the operations of Whitelaw Twining, and DWF's existing loss adjusting practice in Ontario. A relationship agreement has been entered into between DWF and Whitelaw Twining's Alberta practice. The financial effects of this business combination have not been recognised as at 31 October 2022. The operating results, assets and liabilities of the acquired companies will be consolidated from the 5 December 2022.

Initial cash of £5.9m, and share consideration of £11.5m was paid to the shareholders of Whitelaw Twining on completion. The share consideration is subject to a five-year lock-up agreement. Deferred cash consideration of £2.9m is payable in February 2023. Contingent share consideration, up to a value of £2.0m may be payable subject to certain 2022 calendar year financial targets and criteria being met.

At the time when the financial statements were authorised for issue, the group had not yet completed the accounting for the transaction with Whitelaw Twining, as the valuations have not yet been finalised. This includes the valuation of consideration transferred under IFRS, as well as the fair values of assets and liabilities.

Principal risks and uncertainties

Risk management is key to assisting us in protecting our business for the benefit of all of our stakeholders and helps us to deliver long-term Shareholder value. The Group's strategy takes into account risks, as well as opportunities, which need to be actively managed. Risk management activities include identifying risks and principal risks, undertaking risk assessments and determining mitigating actions. These activities are regularly reviewed against the Group's risk appetite throughout the year by those parties responsible, including the Executive Risk Committee, Internal Audit, the Risk Committee, our Group Chief Operating Officer and ultimately our Board.

The principal risks and uncertainties faced by the Group remain in line with those set out in our Annual Report and Accounts 2022: business, commercial, strategy; conduct and ethics; recruiting and retaining our people; operational; financial and reporting; and financial crime. There have been no significant changes to the principal risks expected for the remaining six months of the year.

Glossary

Alternative Performance Measures ("APMs")

In accordance with the Guidelines on APMs issued by the European Securities and Markets Authority ("ESMA"), additional information is provided on the APMs used by the Group below. In the reporting of financial information, the Group uses certain measures that are not required under IFRS.

These additional measures (commonly referred to as APMs) provide the Group's stakeholders with additional information on the performance of the business. These measures are consistent with those used internally, and are considered insightful to understanding the financial performance of the Group. The Group's APMs provide an important measure of how the Group is performing by providing a meaningful comparison of how the business is managed and measured on a day-to-day basis and achieves consistency and comparability between reporting periods.

These APMs may not be directly comparable with similar measures reported by other companies and they are not intended to be a substitute for, or superior to, IFRS measures. All Income Statement measures are provided for continuing operations unless otherwise stated.

APM
Net revenue

Closest equivalent statutory measure
Revenue

Definition and purpose
Revenue less recoverable expenses.

Recoverable expenses do not attract a profit margin and can significantly vary month-to-month such that they may distort the link between Revenue and the performance of the Group. Net revenue is widely reported in the legal sector as the key measure reflecting underlying trading, and allows greater comparability with other legal businesses.

Reconciliation	Six months ended 31 October 2022 £'000	Six months ended 31 October 2021 £'000	Year ended 30 April 2022 £'000
Revenue	212,098	203,490	416,052
Recoverable expenses	(32,968)	(30,182)	(65,810)
Net revenue	**179,130**	**173,308**	**350,242**

APM
Adjusting items

Closest equivalent statutory measure
None

Definition and purpose

Those items which the Group excludes from its statutory metrics to arrive at adjusted profit or cash flow metrics in order to present a further measure of the Group's performance.

These include items which are significant in size or by nature are non-trading or non-recurring. This provides a comparison of how the business is managed and measured on a day-to-day basis and provides consistency and comparability between reporting periods, we well as allows our results to be compared more fairly with other similar businesses.

Share-based payment charges within adjusting items relate to shares allocated from the pre-funded Employee Benefit Trust, which are not dilutive to shareholders.

Reconciliation
See note 2.

APM
Adjusted earnings before interest, tax, depreciation and amortisation ('adjusted EBITDA')

Closest equivalent statutory measure
Operating profit

Definition and purpose
Operating profit adjusted for adjusting items, as detailed in note 2, and adding back depreciation and amortisation.

Adjusted EBITDA is useful as a measure of comparative operating performance between both previous periods, and other companies as it is reflective of adjustments for adjusting items and other factors that affect operating performance. Adjusted EBITDA removes the effect of depreciation and amortisation, and adjusting items as described above, as well as items relating to capital structure (finance costs and income) and items outside the control of management.

Reconciliation	Six months ended 31 October 2022 £'000	Six months ended 31 October 2021 £'000	Year ended 30 April 2022 £'000
Operating profit	**16,020**	**13,587**	**27,653**
Depreciation of right-of-use assets	6,883	6,394	12,737
Other depreciation and amortisation	3,803	3,687	7,211
Total of adjusting items	5,572	7,631	19,081
Adjusted EBITDA	**32,278**	**31,299**	**66,682**

APM
Adjusted profit before tax ("adjusted PBT")

Closest equivalent statutory measure
Profit before tax

Definition and purpose
Profit before tax and after reflecting the impact of adjusting items.

Adjusted PBT is useful as a measure of comparative operating performance between both previous periods, and other companies as it is reflective of adjustments for non-underlying items, amortisation of acquired intangibles, share based payments expense, impairment/impairment reversal and other factors that affect operating performance. Adjusted PBT is used to provide a useful and consistent measure of the ongoing performance of the Group. Adjusted measures are reconciled to statutory measures in note 2.

Reconciliation	Six months ended 31 October 2022 £'000	Six months ended 31 October 2021 £'000	Year ended 30 April 2022 £'000
Profit before tax	12,910	11,028	22,316
Total of adjusting items (note 2)	5,572	7,631	19,081
Adjusted profit before tax	**18,482**	**18,659**	**41,397**

APM

Cost to income ratio

Closest equivalent statutory measure

Not applicable

Definition and purpose

Adjusted administrative expenses and impairment as detailed in note 2, divided by net revenue as defined above.

After adjusting for significant items that are one-off in nature, the cost to income ratio is an essential metric in assessing the levels of underlying operational gearing in the Group. The Group uses the cost to income ratio to measure the efficiency of its activities. A decrease in cost to income ratio indicates an improvement to efficiency, and likewise an increase indicates a decline. Management note that the usefulness of the cost to income ratio is inherently limited by the fact that it is a ratio and thus does not provide information on the absolute amount of operating revenue and expenses.

Reconciliation	Six months ended 31 October 2022 £'000	Six months ended 31 October 2021 £'000	Year ended 30 April 2022 £'000
Net revenue	179,130	173,308	350,242
Adjusted administrative expenses and impairment (note 2)	67,726	67,768	134,322
Cost to income ratio	**37.8%**	**39.1%**	**38.4%**

APM

Adjusted administrative expenses

Closest equivalent statutory measure

Administrative expenses and impairment

Definition and purpose

Adjusted administrative expenses are defined as administrative expenses plus impairment less adjusting items (as defined above).

Adjusted administrative expenses provide a useful and consistent measure of the ongoing administrative expenses of the Group. In particular, the adjusted administrative expenses are utilised within the Group's definition of 'Cost to income ratio' which is also defined above.

Reconciliation

See note 2

APM

Net debt (excluding IFRS 16)

Closest equivalent statutory measure

Cash and cash equivalents less borrowings

Definition and purpose

Net debt comprises cash and cash equivalents less interest-bearing loans and borrowings (including the supplier payments facility).

Net debt is one measure that can be used to indicate the strength of the Group's statement of financial position and can be a useful measure of the indebtedness of the Group. This metric excludes the Group's lease liabilities under IFRS 16 in order to provide consistency with how the Group manages and reports its indebtedness and also providing consistency with the definition of Net debt under the Group's banking agreement.

Reconciliation

See note 16

APM

Lockup days

Closest equivalent statutory measure

Not applicable

Definition and purpose

Lockup days comprises of work-in-progress ("WIP") days, representing the amount of time between performing work and invoicing clients; and debtor days, representing the length of time between invoicing and cash collection. WIP days is calculated as unbilled revenue divided by annualised net revenue multiplied by 365 days. Debtor days is calculated as trade and other receivables, excluding amounts due from members of partnerships, divided by annualised net revenue multiplied by 365 days. Annualised net revenue is the total net revenue for the previous 12 month period with adjustments for acquisitions and discontinuations.

Reconciliation

See note 19

APM

Adjusted diluted earnings per share ("adjusted DEPS")

Closest equivalent statutory measure

Diluted earnings per share ("DEPS")

Definition and purpose

Adjusted earnings divided by the total number of ordinary shares in issue, where:

Adjusted earnings is defined as (loss) / earnings from continuing operations adjusted for:

- non-underlying items;
- share-based payments expense;

- gain on investment;
- amortisation of acquired intangible assets;
- impairment; and
- the tax effect of the above items;

Whilst this metric is not prepared in accordance with IAS 33 'Earnings per Share', it is an important APM to provide the Group's stakeholders with a fully diluted EPS metric using the Group's adjusted earnings for the period that is consistent year on year.

Reconciliation

See note 7

APM

Adjusted earnings per share ("adjusted EPS")

Closest equivalent statutory measure

Basic EPS

Definition and purpose

Adjusted earnings divided by weighted average number of ordinary shares for the purposes of the basic earnings per share calculation. See adjusted diluted EPS definition and purpose above for details of adjusting measures.

This metric provides the Group's stakeholders with an EPS metric using the Group's adjusted profitability but with a denominator consistent with the statutory basic EPS measure.

Reconciliation

See note 7

APM

Like for like ('L4L')

Closest equivalent statutory measure

N/A

Definition and purpose

Like for like metrics, are applied to net revenue, direct costs, gross profit and gross margin to exclude the results of DWF Australia and Germany following the scale-back of operations in March 2021 and April 2022 respectively, along with the results for current year acquisitions, Zing and BCA.

This metric allows the Group's stakeholders to compare the performance of the business on a consistent basis with the prior period, given that the scale-back of the Australian and German business was a significant change to the Group.

Reconciliation

Not applicable

APM

Revenue per partner

Closest equivalent statutory measure

Revenue

Definition and purpose

Revenue per partner is defined as net revenue divided by average number of partners (on a full time equivalent basis) for the period.

This metric allows the Group's stakeholders to view the performance of the business based on average revenue per partner, split by division (this includes both member and employee partners).

Reconciliation	Six months ended 31 October 2022 £'000	Six months ended 31 October 2021 £'000	Year ended 30 April 2022 £'000
Legal Advisory	461	445	896
Connected Services	698	692	1,382
Mindcrest	782	6,569	12,216
Group Total	**492**	**488**	**975**

APM
Annualised net revenue

Closest equivalent statutory measure
Revenue

Definition and purpose
Annualised net revenue reflects the total net revenue for the previous 12-month period inclusive of pro-forma adjustments for acquisitions and discontinuations/closures/scale-backs.

This metric is utilised as a denominator for lockup, WIP and debtor day calculations which allow greater comparability within the legal sector consistent with prior and full year metrics.

Reconciliation
Not applicable

APM
Free cash flows

Closest equivalent statutory measure
Not applicable

Definition and purpose
Free cash flow is the amount by which the operating cash flow exceeds working capital, amounts payable to members, tax, interest and capital expenditure.

This metric provides the Group's stakeholders detail around the efficiency of cash generation and utilisation.

Reconciliation
See note 19

APM
Leverage

Closest equivalent statutory measure
Not applicable

Definition and purpose

Leverage is calculated as net debt, divided by an annualised adjusted EBITDA (both defined above). Annualised adjusted EBITDA reflects the previous 12-month period inclusive of pro-forma adjustments for acquisitions.

This metric provides the Group's stakeholders detail around the Group's ability to repay debt and meet payment obligations. Leverage should be compared with a benchmark, or industry average and is widely used by analysts and credit rating agencies.

Reconciliation	Six months ended 31 October 2022 £'000	Six months ended 31 October 2021 £'000	Year ended 30 April 2022 £'000
Adjusted EBITDA (Last 12 months)	68,097	64,771	66,682
Net debt	86,486	77,200	71,820
Leverage	**1.27**	**1.19**	**1.08**